



## **STAFF REPORT**

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### **Discussion and Direction to Restore Certain Budget Cuts**

Honorable Mayor and Council Members

#### **Summary**

The City Council is asked to provide direction to staff on which, if any, Budget Correction Strategy items they would like to restore given the expected savings from Council's voluntary reduction in flexible benefits.

#### **Background and Discussion**

On June 22, the City Council adopted the FY 2004-05 budget, including a series of Budget Correction Strategies totaling \$1.48 million in order to balance the budget and maintain minimum reserve levels.

Subsequent to that action, as part of a discussion on labor negotiations, the City Council identified approximately \$6,000 in savings that could be achieved in the budget. These funds can be used to partially or fully restore one or more items from the Budget Correction Strategy.

Once such strategy was to "Eliminate Water and Beverage Service, Consolidate Copier Paper Order & Convert to Monochromatic Letterhead" (item D-37). The savings from this budget correction was estimated at \$5,325. Another item in the Strategy was the "Plant-A-Tree Program" (item D-46). The cost of this item was estimated at \$2,000.

To "save" both of the items mentioned above would result in costs in excess of the savings to be achieved by Council's action.

Options include simply restoring D-37 and any extra savings would go into reserves; or if the "copier paper consolidation" aspect of D-37 was implemented but the other two parts were not, savings of approximately \$4,000 would be achieved. If this was done, the "Plant-A-Tree Program" could be restored as well for a total of \$6,000 in additional expenses (the amount

expected to be saved). Alternatively, no items could be restored and the reserves increased, action could be put off until Mid-Year, or alternative direction could be provided to staff.

### **Fiscal Impact**

It is estimated that Council's voluntary action will result in \$6,000 in savings this fiscal year. As long as any restorations are \$6,000 or less, there will be no fiscal impact.

### **Recommendation**

Staff recommends Council discuss and then provide direction to staff on which, if any, items from the Budget Correction Plan should be restored.

### **Alternatives**

1. Restore all of D-37 (beverage service, copier paper, colored letterhead)
2. Restore D-46 (Plant-A-Tree Program)
3. Restore beverage service and the colored letterhead of D-37, but not copier paper consolidation
4. Restore beverage service and the colored letterhead of D-37, but not copier paper consolidation and also restore D-46
5. Do not restore any budget correction items at this time
6. Provide alternative direction to staff

Respectfully submitted,

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